

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana
Financial Report
For the Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of June 30, 2013, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Calcasieu Parish Clerk of Court has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contract, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Lake Charles, LA
December 11, 2013

BASIC FINANCIALS STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF NET POSITION

June 30, 2013

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,107,554 |
| Receivables | 155,777 |
| Prepays | 8,099 |
| Capital assets, net | <u>783,216</u> |
| Total assets | 3,054,646 |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 149,957 |
| Due to fiduciary funds | 4,655 |
| Long-term liabilities: | |
| Due within one year | |
| Current portion of long-term note payable | 12,393 |
| Compensated absences | 127,246 |
| Due after one year | |
| Compensated absences | 237,906 |
| Net OPEB obligation | 3,050,396 |
| Long-term notes payable | <u>6,665</u> |
| Total liabilities | 3,589,218 |
| NET POSITION | |
| Invested in capital assets, net of related debt | 764,158 |
| Unrestricted | <u>(1,298,730)</u> |
| Total net position | <u>\$ (534,572)</u> |

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

| Activities | Expenses | Program Revenues | | Net (Expense) Revenues and Changes in Net Assets |
|----------------------------------|---------------------|-------------------------------------|---------------------|--|
| | | Fees and Charges for Services | Operating Grants | Governmental Activities |
| Governmental activities: | | | | |
| Judicial | \$ 7,686,493 | \$ 7,011,298 | \$ - | \$ (675,195) |
| Total Governmental Activities | <u>\$ 7,686,493</u> | <u>\$ 7,011,298</u> | <u>\$ -</u> | (675,195) |
| General revenues: | | | | |
| Clerk's supplemental retirement | | | | 21,000 |
| Interest | | | | <u>3,249</u> |
| Total general revenues | | | | <u>24,249</u> |
| Change in net position | | | | (650,946) |
| Net position - beginning of year | | | | <u>116,374</u> |
| Net position - end of year | | | | <u>\$ (534,572)</u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2013

| | General Fund |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,107,554 |
| Receivables | 155,777 |
| Prepays | <u>8,099</u> |
| Total assets | <u><u>2,271,430</u></u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 149,957 |
| Due from agency funds | <u>4,655</u> |
| Total liabilities | <u>154,612</u> |
| FUND BALANCE | |
| Unassigned | <u>2,116,818</u> |
| Total liabilities and fund balance | <u><u>\$ 2,271,430</u></u> |

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND -
TO THE STATEMENT OF NET POSITION

June 30, 2013

| | |
|--|--------------|
| Total fund balance for governmental funds at June 30, 2013 | \$ 2,116,818 |
|--|--------------|

Total net position reported for governmental activities in the Statement of Net Position is different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

| | |
|---|---------|
| Capital assets, net of \$1,568,019 accumulated depreciation | 783,216 |
|---|---------|

Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consists of:

| | | |
|------------------------------|-----------------|--------------------|
| Compensated absences payable | \$ (365,152) | |
| Net OPEB Obligation payable | (3,050,396) | |
| Long-term note payable | <u>(19,058)</u> | <u>(3,434,606)</u> |

| | |
|--|---------------------|
| Total net position of governmental activities at June 30, 2013 | <u>\$ (534,573)</u> |
|--|---------------------|

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2013

| | General Fund |
|--|----------------------------|
| REVENUES | |
| Licenses and permits | \$ 53,673 |
| Fees, charges, and commissions for services: | |
| Clerk's supplemental compensation | 21,000 |
| Fees for recording legal documents | 2,252,116 |
| Fees for certified copies of documents | 432,370 |
| Court costs, fees, and charges | 3,983,587 |
| Remote internet access | 184,521 |
| Passports | 63,200 |
| Mortgage certificates | 41,832 |
| Interest | 3,249 |
| Total revenues | <u>7,035,548</u> |
| EXPENDITURES | |
| Current: | |
| Judicial: | |
| Personal services | 3,440,385 |
| Employee benefits | 1,834,923 |
| Operating services | 1,033,000 |
| Travel and professional development | 8,650 |
| Supplies | 176,285 |
| Capital outlay | 32,048 |
| Debt services | 13,167 |
| Total expenditures | <u>6,538,458</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 497,090 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>1,619,728</u> |
| FUND BALANCE AT END OF YEAR | <u><u>\$ 2,116,818</u></u> |

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

| | |
|--|---------------------|
| Total net changes in fund balances at June 30, 2013 per Statement of Revenues, Expenditures and Changes in Fund Balance | \$ 497,090 |
| The change in net position reported for governmental activities in the Statement of Activities is different due to the following: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance | 32,048 |
| Depreciation expense for the year ended June 30, 2013 | (245,489) |
| | <u>(213,441)</u> |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes current financial resources. This is the amount by which debt service principle payments exceed debt proceeds. | 11,702 |
| Net change in OPEB obligation | (987,439) |
| Government funds do not report the change in compensated absences payable as expenditures. However, this expense is reported in the Statement of Activities. | <u>41,142</u> |
| Total changes in net position at June 30, 2013 per Statement of Activities | <u>\$ (650,946)</u> |

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2013

| | <u>Total</u> |
|---------------------------|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 9,879,418 |
| Due from general fund | <u>4,655</u> |
| Total assets | <u>\$ 9,884,073</u> |
| LIABILITIES | |
| Due to others | <u>9,884,073</u> |
| Total liabilities | <u>\$ 9,884,073</u> |

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public; the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law. The clerk of court is elected for a four-year term.

These financial statements present the Calcasieu Parish Clerk of Court as the primary government. As defined by GASB No. 14, component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. The GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Calcasieu Parish Clerk of Court is legally separate and fiscally independent, the Clerk of Court is a separate governmental reporting entity. The police jury maintains and operates the parish courthouse in which the clerk of court's office is located. These transactions between the Clerk of Court and the Police Jury are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability.

As an independent elected official, the Clerk of Court is solely responsible for the operations of his office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government - Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court, except fiduciary funds. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Fiduciary funds are reported only in the Statement of Fiduciary Assets at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the Clerk of Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements (FFS)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund is at least 10 percent of the corresponding total for all funds of that category or type.

The Clerk's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Clerk are described as follows:

Governmental Fund Types

General Funds- The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk and is used to account for the operations of the Clerk's office. The various fees and charges due to the Clerk's office are accounted for in this fund. General operating expenditures are paid from this fund.

Fiduciary Fund Type- Agency Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the clerk are agency funds. The agency funds account for assets held by the Clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting. The following agency funds are utilized by the Clerk of Court:

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Jury Fund - account is to pay jurors who report for Petit and Civil Jury

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk of Court's operations.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

The amounts reflected in the governmental fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recorded in the period in which they are earned.

Expenditures

Expenditures are recorded in the period in which the goods and services are received.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the clerk. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specially associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods and services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues reduce the cost of the function to be financed from the Clerk of Court's general revenues.

D. BUDGET PRACTICES

The Clerk of Court uses the following mandated requirements for budget practices:

1. A proposed budget is prepared and submitted to the Clerk of Court.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in cash on hand, demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. BAD DEBTS

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2013.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method as follows:

Furniture and equipment for 3 to 10 years
Legal document library costs for 40 years

H. LONG-TERM DEBT

All long-term debt to be repaid from governmental resources is reported as liabilities in the governmental-wide statements. The long-term debt consists of notes payable, compensated absences payable and other post-retirement benefits.

I. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to deferred comp time, vacation and sick leave:

All full time employees of the Calcasieu Parish Clerk of Court office earn vacation leave at a rate of 2 to 5 weeks each year, depending upon their length of service. Vacation must be used in the year after it is earned. Sick leave is earned at a rate of one to one and one-half days per month, depending upon length of service. Sick leave may be carried forward from year to year. When employees retire they receive a maximum of thirty days compensation for sick days. The Calcasieu Parish Clerk of Court also offers employees the option of pay for overtime worked or deferred comp time which can be taken at a later date. Employees can begin accruing deferred comp time on Jan 1 of each year thru June 30. The deferred comp time cannot be carried from one calendar year to the next and must be taken by August 31 each year. Between hours 35-40 employees earn regular deferred comp time. After 40 hours deferred comp time is earned as time and one-half. No more than 70 hours can be accrued as deferred comp time in a calendar year per employee.

The cost of leave privileges is recognized as current year expenditure in the general fund when the leave is actually taken. The cost of leave privileges not requiring current resources is reflected in the government-wide financial statements.

At June 30, 2013, employees of the Clerk of Court's office have accumulated \$365,152 in leave privileges; \$127,245 in current liabilities and \$237,906 in long-term liabilities.

J. EQUITY CLASSIFICATIONS

For government-wide statements, equity is classified as net position and displayed in three components:

1. Investment in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. EQUITY CLASSIFICATIONS (continued)

2. Restricted net position-This amount has constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position- All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

K. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

In the fund financial statements, governmental fund equity is classified as fund balance. The Clerk of Court adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because constraints that externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Clerk of Court. The Clerk is the highest level of decision-making authority for the Clerk of Court's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Clerk.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Clerks's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Clerk considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk has provided otherwise in his commitment or assignment actions.

As of June 30, 2013, the Clerk of Court had Unassigned fund balance of \$2,116,818.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. INTERFUND TRANSACTIONS

Interfund transactions are reflected as services provided, reimbursements or transfers. Any residual balances outstanding between the governmental activities and the fiduciary funds are reported in the government-wide financial statements as "Due to or from fiduciary funds". Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or fiduciary funds are netted as part of the reconciliation to the government-wide presentation.

M. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Under state law, the Clerk may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2013, the Clerk has cash and interest-bearing deposits (book balances) totaling \$11,986,972 as follows:

| | <u>Governmental</u> | <u>Fiduciary</u> | <u>Total</u> |
|-----------------|---------------------|---------------------|----------------------|
| Demand deposits | \$ 1,325,749 | \$ 9,478,628 | \$ 10,804,377 |
| Petty cash | 4,243 | - | 4,243 |
| Time deposits | 777,562 | 400,790 | 1,178,352 |
| | <u>\$ 2,107,554</u> | <u>\$ 9,879,418</u> | <u>\$ 11,986,972</u> |

The cash equivalents and investments of the Clerk of Court are subject to the following risks:

Custodial credit risk: For deposits is the risk that in the event of the failure of a depository financial institution, the Clerk deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2013, and the related federal insurance and pledged securities:

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

2. CASH AND CASH EQUIVALENTS (continued)

| | |
|--|----------------------|
| Bank balances | \$ 12,399,613 |
| Federal insurance | \$ 750,000 |
| Pledged securities | 12,565,612 |
| Total federal insurance and pledged securities | <u>\$ 13,315,612</u> |

As of June 30, 2013, the Clerk's total bank balances were fully insured and collateralized with securities held in the name of the Clerk by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Interest Rate Risk: The Clerk's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Clerk's certificates of deposit comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Clerk of Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. RECEIVABLES

The accounts receivable balance as of June 30, 2013 was \$155,777. This balance consists of charges for services of \$155,725, and accrued interest of \$52.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013, is as follows:

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--------------------------------|----------------------------|---------------------|-------------|-----------------------------|
| Governmental Activities | | | | |
| Furniture and equipment | \$ 1,865,429 | \$ 32,048 | \$ - | \$ 1,897,477 |
| Legal document library | 453,758 | - | - | 453,758 |
| | <u>2,319,187</u> | <u>32,048</u> | <u>-</u> | <u>2,351,235</u> |
| Less accumulated depreciation | (1,322,530) | (245,489) | - | (1,568,019) |
| Capital assets, net | <u>\$ 996,657</u> | <u>\$ (213,441)</u> | <u>\$ -</u> | <u>\$ 783,216</u> |

Depreciation expense of \$245,489 was charged to the general government function.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities consisted of the following at June 30, 2013:

| | General Fund |
|---------------------|-------------------|
| Accounts payable | \$ 108,154 |
| Payroll liabilities | 41,803 |
| | <u>\$ 149,957</u> |

6. OPERATING LEASE COMMITMENT

The Clerk of Court is currently leasing a warehouse building, a vehicle, and equipment, which is considered operating leases. The lease terms range from 36 to 60 months. These leases require a total monthly payment of \$9,265. Total rent expense under these leases for the year ended June 30, 2013 was \$93,597.

Future minimum operating lease commitments are as follows:

| Year Ending June 30, | |
|-------------------------|-------------------|
| 2014 | \$ 106,016 |
| 2015 | 53,091 |
| 2016 | 43,273 |
| 2017 | 18,317 |
| 2018 | 12,961 |
| 2019-2024 | - |
| Total | <u>\$ 233,658</u> |

7. CAPITAL LEASE COMMITMENT

The Clerk of Court has entered into certain capital lease agreements under which the related computers can be purchased by the Clerk of Court at a bargain purchase of \$1 when all terms of the lease agreements are met. The lease terms are for 36 months and require a total monthly payment (principal and interest) of \$1,097.

| | Stated Interest Rate | Present Value of Remaining Payments as of June 30, 2013 |
|------------------------------|----------------------|--|
| Governmental fund activities | | |
| Computer Lease | 5.65-5.83% | \$ 19,058 |

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

7. CAPITAL LEASE COMMITMENT (continued)

Computers and related accumulated amortization under capital lease are as follows:

| | Governmental Activities |
|--------------------------|----------------------------|
| Computers | \$ 36,378 |
| Less: Accum Depreciation | (12,126) |
| Net Value | <u>\$ 24,252</u> |

As of June 30, 2013, capital lease annual amortizations are as follows:

| Year ending June 30: | Governmental Activities |
|-------------------------------------|----------------------------|
| 2014 | \$ 13,167 |
| 2015 | 6,792 |
| Total Requirements | 19,959 |
| Less interest | (901) |
| Present value of remaining payments | <u>\$ 19,058</u> |

Amortization of leased equipment under capital assets is included with depreciation expense.

8. PENSION PLAN

Plan Description. Substantially all employees of the Calcasieu Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225)293-1162.

Funding Policy. Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Calcasieu Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 17.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Calcasieu Parish Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk's contributions to the system for the years ending June 30, 2013, 2012, and 2011, were \$759,723, \$782,757, and \$784,622, respectively, equal to the required contributions for each year.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The Calcasieu Parish Clerk of Court provides certain healthcare and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by employees and the Clerk. The Clerk recognizes the cost of providing these benefits as expenditures when the monthly premiums are due.

The GASB has issued Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which changes the accounting for post-employment benefits (e.g., payments made by the Clerk for retiree insurance). As required, management has implemented the new standard for the year ending June 30, 2010.

The plan is required to have an Actuarial evaluation every three years. Some information furnished below is from the most current actuarial evaluation done November 14, 2013.

For the fiscal year ending June 30, 2013, the Clerk of Court's portion of health care funding cost for retired employees totaled \$238,498. These amounts were applied toward the Net OPEB Benefit Obligations as shown on the following page.

Annual Required Contribution: the Clerk of Court's Annual Required Contribution is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Liability (UAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB43/45) has been used for the post-employment benefits. The total ARC for the fiscal year ending June 30, 2013 is \$1,243,872 for post-employment benefits, as set forth below. The table below also shows the Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending June 30, 2013, \$3,050,396.

| | |
|--|--------------|
| OPEB Cost | |
| Normal Cost | \$ 756,144 |
| Minimum Amortization of UAL | 442,372 |
| Interest | 41,948 |
| Annual Required Contribution | 1,240,464 |
| ARC Adjustment | (68,167) |
| Interest Adjustment to Net OPEB Obligation | 71,576 |
| OPEB Cost | 1,243,872 |
| Contributions Made | (238,498) |
| Prior year adjustment to Net OPEB Obligation | (17,935) |
| Increase in Net OPEB Obligation | 987,439 |
| Net OPEB Obligation - beginning of year | 2,062,957 |
| Net OPEB Obligation - end of year | \$ 3,050,396 |

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

The Calcasieu Parish Clerk of Court's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2013 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|--|---------------------------|
| 6/30/2011 | \$ 866,739 | 21.50% | \$ 1,385,038 |
| 6/30/2012 | \$ 878,983 | 22.80% | \$ 2,063,822 |
| 6/30/2013 | \$ 1,243,872 | 19.20% | \$ 3,050,396 |

Funded Status and Funding Progress: During fiscal year 2013, the Calcasieu Parish Clerk of Court did not establish a fund for trusts to accumulate and invest assets necessary to pay for the accumulated liability; these financial statements assume the pay-as-you-go funding will continue. Since no contributions were made, the Calcasieu Parish Clerk of Court's entire actuarial accrued liability of \$13,271,153 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2012 was as follows:

| | |
|---|----------------------|
| Actuarial Valuation Date | 7/1/2012 |
| Actuarial Value of Assets | \$ - |
| Actuarial Accrued Liability | 13,271,153 |
| Unfunded Actuarial Liability | <u>\$ 13,271,153</u> |
| Funded Ratio | 0% |
| Annualized Covered Payroll | 2,997,852 |
| Ratio of Unfunded Actuarial Liability to Annual Covered Payroll | 442.7% |
| Actuarial Cost Method | Entry-Age Normal |

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 Calcasieu Parish Clerk of Court's actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 3.5% investment rate of return. The CCRRF retirement and withdrawal (turnover) tables were used and they were adjusted to produce an average number of retirements and turnover that is consistent with the Clerk's recent experience. The RP-2000 Combined Healthy Mortality Table was used in making actuarial assumptions which is consistent with the CCRRF pension plan valuation. The valuation assumes a 14% healthcare cost trend increase (including 5% dental) for fiscal year 2012-2013 reduced by varying increments in each subsequent year.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

10. DEFERRED COMPENSATION PLAN

The Clerk of Court offers its employees participation in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. The plan, available to all Clerk of Court's employees, permits the employees to defer a portion of their salary until future years. The Clerk of Court matches 50% of employee contributions. The Clerk of Court's contribution to the plan amounted to \$102,182 for the year ended June 30, 2013.

Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

11. RISK MANAGEMENT

The Clerk of Court is exposed to risks of loss in the areas of auto liability, professional liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

12. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits for the year ended June 30, 2013 follows:

| | Unsettled Deposits at Beginning of Year | Additions | Reductions | Unsettled Deposits at End of Year |
|-----------------------|---|---------------------|---------------------|---|
| Agency Funds | | | | |
| Advance Deposit | \$ 7,650,396 | \$ 5,289,604 | \$ 5,770,873 | \$ 7,169,127 |
| Registry of Court | 2,026,387 | 1,089,525 | 497,657 | 2,618,255 |
| Other Fiduciary Funds | 83,485 | 54,495 | 41,257 | 96,723 |
| Totals | <u>\$ 9,760,268</u> | <u>\$ 6,433,624</u> | <u>\$ 6,309,787</u> | <u>\$ 9,884,105</u> |

13. EXPENDITURES PAID BY OR TO THE CALCASIEU PARISH POLICE JURY

The Clerk of Court's office is located in the Calcasieu Parish Courthouse. The Police Jury pays the upkeep and maintenance of the courthouse. These expenditures are not reflected in the accompanying financial statements.

Expenditures related to judge's secretary fees and telephone expense totaling \$70,756 were paid to the Police Jury as of June 30, 2013.

14. COMMITMENTS

At year end, the Clerk had no commitments outstanding.

15. LITIGATION AND CLAIMS

The Clerk of Court's office is not involved in any material matters of pending or threatened litigation as of June 30, 2013.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

16. SUBSEQUENT EVENTS

The Clerk evaluated its June 30, 2013 financial statements for subsequent events through December 11, 2013, the date the financial statements were available to be issued. The Clerk is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Required Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2013

| | GENERAL FUND | | | Variance |
|--|--------------|--------------|--------------|---------------|
| | BUDGET | | Actual | Favorable |
| | Original | Final | | (Unfavorable) |
| REVENUES | | | | |
| Passports | \$ - | \$ 64,250 | \$ 63,200 | \$ (1,050) |
| Licenses and permits | 50,000 | 56,595 | 53,673 | (2,922) |
| Fees, charges, and commissions for services: | | | | |
| Clerk's supplemental compensation | 21,000 | 21,250 | 21,000 | (250) |
| Fees for recording legal documents | 1,825,000 | 1,899,592 | 2,252,116 | 352,524 |
| Fees for certified copies of documents | 337,488 | 434,756 | 432,370 | (2,386) |
| Court costs, fees, and charges | 3,530,342 | 4,126,567 | 3,983,587 | (142,980) |
| Remote internet access | 200,000 | 185,835 | 184,521 | (1,314) |
| Mortgage certificates | 38,724 | 42,615 | 41,832 | (783) |
| Grant income | - | - | - | - |
| Non-support | 197,446 | 229,643 | - | (229,643) |
| Interest | 5,000 | 695 | 3,249 | 2,554 |
| Miscellaneous income | - | 235 | - | (235) |
| Total revenues | 6,205,000 | 7,062,033 | 7,035,548 | (26,485) |
| EXPENDITURES | | | | |
| General Government-Judicial | | | | |
| Personal services | 3,280,000 | 3,426,446 | 3,440,385 | (13,939) |
| Operating services | 945,000 | 1,093,362 | 1,033,000 | 60,362 |
| Employee benefits | 1,771,000 | 1,857,018 | 1,834,923 | 22,095 |
| Travel and professional development | 9,000 | 9,886 | 8,650 | 1,236 |
| Supplies | 150,000 | 216,151 | 176,285 | 39,866 |
| Capital outlay | 50,000 | 49,630 | 32,048 | 17,582 |
| Debt services | - | - | 13,167 | (13,167) |
| Total expenditures | 6,205,000 | 6,652,493 | 6,538,458 | 114,035 |
| EXCESS OF REVENUES OVER EXPENDITURES | - | 409,540 | 497,090 | 87,550 |
| FUND BALANCE AT BEGINNING OF YEAR OF YEAR | 1,619,728 | 1,619,728 | 1,619,728 | - |
| FUND BALANCE AT END OF YEAR | \$ 1,619,728 | \$ 2,029,268 | \$ 2,116,818 | \$ 87,550 |

The accompanying notes are an integral part of this financial statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF FUNDING PROGRESS OF OPEB PLAN

For the Year Ended June 30, 2013

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Cost | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| | (a) | (b) | (b-a) | (a/b) | (c) | [(b-a)/c] |
| 7/1/2009 | \$ - | \$9,017,612 | \$9,017,612 | 0% | \$3,168,688 | 284.6% |
| 7/1/2012 | \$ - | \$13,271,153 | \$13,271,153 | 0% | \$2,997,852 | 442.7% |

The accompanying notes are an integral part of this financial statement.

Other Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2013

| | Advance Deposit Fund | Registry of Court Fund | Other Fiduciary Funds | Total |
|---------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 7,164,440 | \$ 2,618,255 | \$ 96,723 | \$ 9,879,418 |
| Due from general fund | <u>4,687</u> | <u>-</u> | <u>-</u> | <u>4,687</u> |
| Total assets | <u><u>\$ 7,169,127</u></u> | <u><u>\$ 2,618,255</u></u> | <u><u>\$ 96,723</u></u> | <u><u>\$ 9,884,105</u></u> |
| LIABILITIES | | | | |
| Due to general fund | \$ - | \$ - | \$ 32 | \$ 32 |
| Due to others | <u>7,169,127</u> | <u>2,618,255</u> | <u>96,691</u> | <u>9,884,073</u> |
| Total liabilities | <u><u>\$ 7,169,127</u></u> | <u><u>\$ 2,618,255</u></u> | <u><u>\$ 96,723</u></u> | <u><u>\$ 9,884,105</u></u> |

The accompanying notes are an integral part of this financial statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

For the Year Ended June 30, 2013

| | Advance Deposit Fund | Registry of Court Fund | Other Fiduciary Funds | Total |
|--------------------------------------|----------------------------|------------------------------|-----------------------------|----------------------------|
| ADDITIONS | | | | |
| Deposits: | | | | |
| Suits and successions | \$ 5,286,641 | \$ - | \$ 54,469 | \$ 5,341,110 |
| Judgments | - | 1,088,522 | - | 1,088,522 |
| Interest | 2,963 | 1,003 | 26 | 3,992 |
| | <u>5,289,604</u> | <u>1,089,525</u> | <u>54,495</u> | <u>6,433,624</u> |
| DEDUCTIONS | | | | |
| Distributed to litigants | 1,010,413 | 497,657 | - | 1,508,070 |
| Clerk's costs | 3,739,045 | - | 16,979 | 3,756,024 |
| Sheriff's fees | 447,809 | - | 5,007 | 452,816 |
| Women's shelter fees | - | - | 6,491 | 6,491 |
| Interest to General Fund | 2,174 | - | - | 2,174 |
| Other deductions | 571,432 | - | 12,780 | 584,212 |
| | <u>5,770,873</u> | <u>497,657</u> | <u>41,257</u> | <u>6,309,787</u> |
| NET CHANGE | (481,269) | 591,868 | 13,238 | 123,837 |
| Balances at beginning of year | <u>7,650,396</u> | <u>2,026,387</u> | <u>83,485</u> | <u>9,760,268</u> |
| Balances at end of year | <u><u>\$ 7,169,127</u></u> | <u><u>\$ 2,618,255</u></u> | <u><u>\$ 96,723</u></u> | <u><u>\$ 9,884,105</u></u> |

The accompanying notes are an integral part of this financial statement.



Langley, Williams & Company, L.L.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calcasieu Parish Clerk of Court's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Calcasieu Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calcasieu Parish Clerk of Court's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calcasieu Parish Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Langley, Williams & Co., LLC". The signature is written in a cursive, flowing style.

Langley, Williams & Co., LLC

Lake Charles, Louisiana

December 11, 2013

CALCASIEU PARISH CLERK OF COURT
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

1. Summary of Audit Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- | | |
|---|-----|
| • Material weaknesses identified? | No |
| • Significant deficiency identified not considered to be material weaknesses? | Yes |

Noncompliance material to financial statements noted? No

2. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2013.

Finding 2013-01: Outstanding Checks (compliance with State escheat laws)

Condition/Criteria: Some Outstanding checks for the general fund and advance deposit fund have been outstanding for two years or more, some dating back to 1997.

Recommendation: Outstanding checks be investigated to determine whether such monies should be forwarded to the state treasury under the state's escheat law.

Corrective Action Taken: The Clerk escheated some checks over to the state in the prior year and is currently working on escheating the remaining outstanding checks to the State, currently starting with checks that have been outstanding for at least 5 years and will move forward as quickly as possible. The Clerk will adhere to state escheat laws in conducting this task.

Finding 2013-02: Lack of Documentation for Overtime Approval

Condition/Criteria: All overtime is verbally approved by the supervisor and the Clerk before the hours are worked and then a "Request for Overtime Approval" form is required to be submitted with signatures from the employee, supervisor, and Executive Assistant to the Clerk. Approval forms were not obtained or could not be located for all employees who reported overtime. Not all approval forms found had the appropriate required signatures.

Effect/Cause: The effect of this lack of documentation for overtime approval is the opportunity to falsely claim overtime when not actually worked.

Recommendation: Obtain and verify overtime approval form before submitting overtime payroll. Properly keep approval forms on file.

Corrective Action Taken: The Clerk began the process of obtaining forms for all overtime submitted. The Clerk will not accept any approval forms without proper required signatures. The Clerk will keep all approval forms.

Finding 2013-03: Advanced Payroll to employees

Condition/Criteria: All employees were advanced one week of payroll for the payroll checks received before Thanksgiving and Christmas.

Effect/Cause: Violation of LA R.S. 7:14 which says none of the funds of the political subdivision shall not be loaned, pledged or donated to any person.

Recommendation: The Clerk should not issue any payroll checks that include advances for days not yet worked.

Corrective Action Taken: For Thanksgiving 2013 and Christmas 2013, the Clerk did not pay for advanced days not worked. The Clerk also updated its' policy manual and communicated this to all employees.

Finding 2013-04: Lack of segregation of duties in Sulphur satellite office

Condition/Criteria: The Calcasieu Parish Clerk of Court does not have adequate segregation of duties in the Sulphur Satellite office. The office consists of one employee who is allowed to take in receipt of payments and also make deposits to the bank account.

Effect/Cause: The effect of lack of segregation of duties is the opportunity for errors or fraud to occur for a longer period of time before being detected.

Recommendation: There needs to be someone else taking deposits to the bank on a daily basis. Once the deposit is made the person that reconciles the deposits and enters into the system needs to make sure the deposit slip receipt totals the amount that was supposed to be deposited. Management needs to review all bank statements on a monthly basis and initial the bank reconciliations as reviewed.

Corrective Action Taken: The Clerk concurs with the finding and recommendation. However, the Clerk stated that it would not be efficient to assign another employee to the satellite office due to the satellite office servicing very few customers each day. As such, the Clerk did however show an interest in monitoring the satellite office by setting up security cameras at the satellite office which would be monitored at the main office.

Finding 2013-05: Not following proper policy and procedures for cash receipts and deposits

Condition/Criteria: On numerous occasions, individual teller daily deposit sheets in the cost department and cash envelopes in the cost department did not include initials from the preparer and supervisor, which is evidence of preparation and review. Also, on numerous occasions, the bookkeeping department did not sign off on the deposit reconciliation or the "End of Day" report.

Effect/Cause: This is evidence of segregation of duties in internal control over cash receipts. Additionally, this allows for the opportunity of fraud, as differences in cash received vs. cash reported can go unnoticed.

Recommendation: The Clerk should stress the importance of having both the preparer and reviewer sign-off on the teller daily deposit sheets and cash envelopes and should occasionally review the daily deposit sheets and cash envelopes to ensure this is occurring. The Clerk should also stress the importance of having the bookkeeping department sign off on the deposit reconciliation and "End of Day Report" and should occasionally review them to ensure this is occurring.

Corrective Action Taken: The Clerk concurs with the finding and recommendation. The Clerk's office has brought to the cost department's attention and the bookkeeping department's attention the importance of signing off as prepared and reviewed. As well, the Clerk will occasionally check to make sure the reviews are being conducted.

Finding 2013-06: Budget not submitted on time in accordance with R.S. 39:1306

Condition/Criteria: It was noted that the proposed fiscal year 2013 budget was not submitted to the public 15 days prior to the beginning of the official year. The budget was not submitted to the public until June 18, 2012.

Effect/Cause: The budget not being submitted 15 days prior to the beginning of the official year is in violation of R.S. 39:1306.

Recommendation: When preparing the budget, the Clerk should allow itself enough time to have the budget submitted no later than June 15.

Corrective Action Taken: The Clerk concurs with the finding and recommendation. The Clerk's office will make all efforts possible to have the budget submitted on time.

3. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2012.

Finding 2012-01: Outstanding Checks (compliance with State escheat laws)

Condition/Criteria: Outstanding checks for advance deposit fund and general fund are checks that have been outstanding for two years or more, some dating back to 1997.

Recommendation: Outstanding checks should be investigated to determine whether such monies should be forwarded to the state treasury under the state's escheat law for advance deposit.

Corrective Action Taken: Clerk is working on escheating outstanding checks to the State and is currently starting with checks that have been outstanding for at least 5 years and will move forward as quickly as possible. The Clerk will adhere to state escheat laws in conducting this task.

Finding 2012-02: Lack of Documentation for Overtime Approval

Condition/Criteria: All overtime is verbally approved by the supervisor and the Clerk before the hours are worked and then a "Request for Overtime Approval" form is required to be submitted with signatures from the employee, supervisor, and Executive Assistant to the Clerk. Approval forms were not obtained or could not be located for all employees who reported overtime.

Effect/Cause: The effect of this lack of documentation for overtime approval is the opportunity to falsely claim overtime when not actually worked.

Recommendation: Obtain and verify overtime approval form before submitting overtime payroll.

Corrective Action Taken: Clerk has begun this process of obtaining forms for all overtime submitted.

Finding 2012-03: Advanced Payroll to employees

Condition/Criteria: All employees were advanced one week of payroll for the payroll checks received before Thanksgiving and Christmas. The advanced weeks were essentially paid back the subsequent payroll periods.

Effect/Cause: Violation of LA R.S. 7:14 which says none of the funds of the political subdivision shall not be loaned, pledged or donated to any person.

Recommendation: The Clerk should not issue any payroll checks that include advances for days not yet worked.

Corrective Action Taken: This will again be a finding for the 2012-2013 audit as the payroll runs for Thanksgiving 2012 and Christmas 2012 have already occurred however, the Clerk concurs with the finding and recommendation.

Finding 2012-04: Discrepancy in agreeing check numbers in payroll journal to actual checks cut

Condition/Criteria: The check numbers on the actual payroll checks given to employees did not match the check numbers recorded in the payroll journal for every employee.

Effect/Cause: Makes it difficult to reconcile the payroll journal and creates the opportunity for additional payroll checks to be created.

Recommendation: The Clerk should immediately reconcile the beginning payroll check to the payroll journal for the following payroll run.

Corrective Action Taken: The Clerk concurs with the finding and recommendation. The Clerk's office has contacted the payroll services company, Solar Data Service, to begin providing them the starting check number.

Finding 2012-05: Lack of sign-off on individual teller daily deposit sheets by preparer and reviewer

Condition/Criteria: On numerous occasions, individual teller daily deposit sheets in the cost department did not include initials from the preparer and supervisor, which is evidence of preparation and review.

Effect/Cause: This is evidence of segregation of duties in internal control over cash receipts. Additionally, this allows for the opportunity of fraud, as differences in cash received vs. cash reported can go unnoticed.

Recommendation: The Clerk should stress the importance of having both the preparer and reviewer sign-off on the teller daily deposit sheets and should occasionally review the daily deposit sheets to ensure this is occurring.

Corrective Action Taken: The Clerk concurs with the finding and recommendation. The Clerk's office has brought to the cost department's attention the importance of signing off as prepared and reviewed. As well, the Clerk will occasionally check to make sure the reviews are being conducted.

Finding 2012-06: Improper classification of lease

Condition/Criteria: On one occurrence, it was noted that a lease which met the capital lease criteria was improperly accounted for as an operating lease.

Effect/Cause: Due to the improper classification, assets which should have been capitalized were not. This could have resulted in an effect of budgeted expenditures as the capital assets were not budgeted properly in capital outlay.

Recommendation: When preparing the budget, the Clerk should keep in mind the capital lease criteria and any potential lease agreements they may enter in to.

Corrective Action Taken: The Clerk concurs with the finding and recommendation. The Clerk's office will make all efforts possible to correctly account for leases in the budget.